

## SUBCOMMITTEE: CHESAPEAKE

## HOUSE BILL NO. 751

## AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on \_\_\_\_\_)

on \_\_\_\_\_)

(Patron Prior to Substitute--Delegate Jones)

A BILL to amend and reenact §§ 10.1-603.24 and 10.1-603.25 of the Code of Virginia, relating to Virginia Community Flood Preparedness Fund; loans.

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 10.1-603.24 and 10.1-603.25 of the Code of Virginia are amended and reenacted as follows:**

## Article 1.3.

~~Virginia-Shoreline Resiliency~~ Community Flood Preparedness Fund.

**§ 10.1-603.24. Definitions.**

As used in this article, unless the context requires a different meaning:

"Authority" means the Virginia Resources Authority.

"Cost," as applied to any project financed under the provisions of this article, means the total of all costs incurred by the local government as reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project.

"Department" means the Virginia Department of ~~Emergency Management~~ Conservation and Recreation.

"Flood prevention or protection project" means the construction of a hazard mitigation project, acquisition of land, or implementation of land use controls that reduce or mitigate damage from coastal or riverine flooding.

"Flood prevention or protection study" means the conduct of a hydraulic or hydrologic study of a flood plain with historic and predicted floods, the assessment of flood risk, and the development of strategies to prevent or mitigate damage from coastal or riverine flooding.

"Fund" means the Virginia ~~Shoreline Resiliency~~ Community Flood Preparedness Fund created pursuant to § 10.1-603.25.

"Local government" means any county, city, town, municipal corporation, authority, district, commission, or political subdivision created by the General Assembly or pursuant to the Constitution of Virginia or laws of the Commonwealth.

"Low-income geographic area" means any locality, or community within a locality, that has a median household income that is not greater than 80 percent of the state median household income, or any area in the Commonwealth designated as a qualified opportunity zone by the U.S. Secretary of the Treasury via his delegation of authority to the Internal Revenue Service.

"Nature-based solution" means an approach that reduces the impacts of flood and storm events through the use of environmental processes and natural systems. A nature-based solution may provide additional benefits beyond flood control, including recreational opportunities and improved water quality.

**§ 10.1-603.25. Virginia Community Flood Preparedness Fund; loan and grant program.**

~~There shall be set apart a permanent and perpetual fund, to be known as the A. The Virginia Shoreline Resiliency Fund, consisting of such~~ is hereby continued in the state treasury as a special nonreverting fund to be known as the Virginia Community Flood Preparedness Fund. The Fund shall be established on the books of the Comptroller. All sums that may be appropriated to the Fund by the General Assembly, all receipts by the Fund from the repayment of loans made by it to local governments, all income from the investment of moneys held in the Fund, and any other sums designated for deposit to the Fund from any source, public or private, including any federal grants and awards or other forms of assistance received by the Commonwealth that are eligible for deposit in the Fund under federal law, shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. ~~The Fund shall be administered by the Department as prescribed in this article. The Department shall establish guidelines regarding the distribution of loans from the Fund and prioritization of such loans.~~

53 B. Moneys in the Fund shall be used solely for the purposes of enhancing flood prevention or  
54 protection and coastal resilience as required by this article. Expenditures and disbursements from the Fund  
55 shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed  
56 by the Executive Director of the Authority. The Authority shall manage the Fund and shall establish  
57 interest rates and repayment terms of such loans as provided in this article. The Authority may disburse  
58 from the Fund its reasonable costs and expenses incurred in the management of the Fund.

59 C. The Fund shall be administered by the Department as prescribed in this article. The Department,  
60 in consultation with the Secretary of Natural Resources and the Special Assistant to the Governor for  
61 Coastal Adaptation and Protection, shall establish guidelines regarding the distribution and prioritization  
62 of loans and grants, including loans and grants that support flood prevention or protection studies of  
63 statewide or regional significance.

64 D. Localities shall use moneys from the Fund primarily for the purpose of ~~creating a low interest~~  
65 ~~loan program to help residents and businesses~~ implementing flood prevention and protection projects and  
66 studies in areas that are subject to recurrent flooding as confirmed by a locality-certified floodplain  
67 manager. Moneys in the Fund may be used to mitigate future flood damage and to assist inland and coastal  
68 communities across the Commonwealth that are subject to recurrent or repetitive flooding. Priority shall  
69 be given to projects that implement community-scale hazard mitigation activities and use nature-based  
70 solutions to reduce flood risk.

71 E. Any locality is authorized to secure a loan made ~~through such a low interest loan program~~  
72 pursuant to this section by placing a lien up to the value of the loan against any property that benefits from  
73 the loan. Such a lien shall be subordinate to each prior lien on such property, except prior liens for which  
74 the prior lienholder executes a written subordination agreement, in a form and substance acceptable to the  
75 prior lienholder in its sole and exclusive discretion, that is recorded in the land records where the property  
76 is located.

77 F. Any locality using moneys in the Fund to provide a loan for a project in a low-income  
78 geographic area is authorized to forgive the principal of such loan. The total amount of loans forgiven by

79 all localities in a fiscal year shall not exceed 30 percent of the amount appropriated in such fiscal year to  
80 the Fund by the General Assembly.

81 **2. That any moneys in the Virginia Shoreline Resiliency Fund as created by Chapter 762 of the Acts**  
82 **of Assembly of 2016 shall remain in the Virginia Community Flood Preparedness Fund pursuant**  
83 **to § 10.1-603.25 of the Code of Virginia as amended and reenacted by this act.**

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